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January 20, 2022

**VIA ELECTRONIC FILING**

The Honorable Jocelyn G. Boyd  
 Chief Clerk/Executive Director  
 Public Service Commission of South Carolina  
 101 Executive Center Drive, Suite 100  
 Columbia, SC 29210

**Re: Application of Duke Energy Progress, LLC for Approval of Residential  
 Energy Efficient Appliances and Devices Program  
 Docket Number: 2022-\_\_\_\_-E**

Dear Ms. Boyd:

Enclosed for filing, please find Duke Energy Progress, LLC's (the "Company") Application for Approval of the Residential Energy Efficient Appliances and Devices Program to be included as part of its suite of energy efficiency and demand-side management programs effective as soon as practicable following approval by the Commission. The Company is seeking approval of its Application without pre-filed testimony or a hearing because the proposed program and associated tariff do not require a determination of the entire rate structure and overall rate of return. In the event the Commission determines that a hearing is necessary, the Company requests a Hearing Officer be appointed to hold a scheduling conference with counsel.<sup>1</sup>

Sincerely,

 A handwritten signature in blue ink that reads 'J. Ashley Cooper'.
 

J. Ashley Cooper

JAC:cmm  
 Enclosure

cc: Sam Wellborn, Duke Energy (*via email*)  
 Andrew Bateman, Office of Regulatory Staff (*via email*)

<sup>1</sup> Although the Company does not believe a hearing is necessary, the proposed Notice of Filing attached to the Application notes that if the Commission elects to schedule such a hearing, the time and date of any such hearing would be provided to interested parties at a later date.

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2022-     -E

In re: ) APPLICATION OF DUKE ENERGY  
 )  
Application of Duke Energy Progress, LLC ) PROGRESS, LLC FOR APPROVAL OF  
for Approval of Residential Energy Efficient ) RESIDENTIAL ENERGY EFFICIENT  
Appliances and Devices Program ) APPLIANCES AND DEVICES  
 ) PROGRAM  
 )

Pursuant to S.C. Code Ann. § 58-37-20, S.C. Code Ann. Regs. 103-823, and Order No. 2021-33 issued in Docket No. 2015-163-E, Duke Energy Progress, LLC (“DEP” or the “Company”) submits to the Public Service Commission of South Carolina (the “Commission”) this Application for approval of its Residential Energy Efficient Appliances and Devices Program (the “Program”) to be included as part of its suite of energy efficiency (“EE”) and demand-side management (“DSM”) programs effective as soon as practicable following Commission approval. The tariff that would govern the proposed Program is attached as Exhibit A and a proposed notice of the Application is attached hereto as Exhibit B. As part of this Application, the Company proposes to terminate the Residential Save Energy and Water Kit Program SEW-2 Tariff (“SEWK”) upon approval of the Program given that the Program seeks to advance a more comprehensive tariff that will encompass the measures promoted under the SEWK program.

As explained below, the Company seeks approval of the Program and the tariff without the need for a hearing because, consistent with S.C. Code Ann. § 58-27-870(F), the proposed Program does not require a determination of the entire rate structure and overall rate of return. If the Commission decides a hearing is necessary in this matter in lieu of filed comments, the Company

respectfully requests that the Commission appoint a Hearing Officer to hold a scheduling conference with counsel.

In support of this Application, the Company shows the Commission the following:

**I. NAME AND ADDRESS**

The Company's general office is located at 526 S. Church Street, Charlotte, North Carolina 28202. DEP's legal name and mailing address are:

Duke Energy Progress, LLC  
410 South Wilmington Street  
Raleigh, North Carolina 27601-1849

**II. NOTICES AND COMMUNICATION**

The names and addresses of the attorneys of the Company who are authorized to receive notices and communications with respect to this Application are:

Sam Wellborn  
Associate General Counsel  
Duke Energy Corporation  
1201 Main Street, Suite 1180  
Columbia, South Carolina 29201  
803.988.7130  
sam.wellborn@duke-energy.com

and

J. Ashley Cooper  
Parker Poe Adams & Bernstein, LLP  
200 Meeting Street, Suite 301  
Charleston, SC 29401  
843.727.2674  
ashleycooper@parkerpoe.com

Copies of all pleadings, orders or correspondence in this proceeding should be served upon the attorneys listed above.

**III. DESCRIPTION OF THE COMPANY**

DEP is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the eastern portion of South Carolina and in portions of western, central, and eastern North Carolina. DEP also sells electricity at wholesale to municipal, cooperative, and investor-owned electric utilities, and its wholesale sales are subject to the jurisdiction of the Federal Energy Regulatory Commission. DEP is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. DEP is also authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission. Because energy efficiency programs deliver system benefits realized across state borders, program costs—including consolidated administrative costs—are also recognized across both states.

#### **IV. BACKGROUND**

##### **A. Residential Save Energy and Water Kit Program SEW-2 Tariff**

The SEWK program was proposed on September 1, 2015 by DEP in Docket No. 2015-322-E. On September 11, 2015, the South Carolina Office of Regulatory Staff (“ORS”) filed a letter stating it had no objection to the SEWK program, and the Commission approved the SEWK program through Order No. 2015-705. The SEWK program remains in effect today and promotes energy efficiency through a reduction in water consumption and a corresponding reduction in electric hot water usage by providing incentives for single family residential customers. These incentives encourage eligible customers to become more energy efficient through the installation of energy efficient devices, such as low flow showerheads, bathroom and kitchen faucet aerators, and pipe wrap tape. As described in greater detail below, the proposed Program seeks to advance a more comprehensive tariff that will encompass the measures promoted under the SEWK

program. As such, the Company seeks to terminate the SEWK program upon approval of the proposed Program outlined in this Application.

B. Residential Energy Efficient Appliances and Devices Program

Although DEP does not currently offer a Residential Energy Efficient Appliances and Devices Program to its South Carolina customers, the Residential Energy Efficient Appliances and Devices Program has been a successful program for DEP's affiliate Duke Energy Carolinas, LLC ("DEC") in South Carolina since 2013. On August 1, 2013, DEC filed its Application for Approval of New Cost Recovery Mechanism and Portfolio of Demand-Side Management and Energy Efficiency Programs. As part of that Application, DEC sought approval of its proposed portfolio of new EE and DSM programs, which included a residential customer program for Energy Efficient Appliances and Devices. That portfolio of programs was approved through Order No. 2013-889.

On August 30, 2017, DEC filed a request with the Commission to, in part, move the high efficiency heat pump water heater and the pool pump measures from the Appliances and Devices program to DEC's Residential Service Smart Saver Energy Efficiency Program ("Residential Smart Saver")—a program within DEC's suite of EE/DSM programs. On September 22, 2017, the ORS filed a letter notifying the Commission it had reviewed DEC's request and supported the filing, and the Commission approved the modification through Order No. 2017-622.

This Application presents a similar request to the Commission given that DEP seeks to implement the proposed Program as part of its larger suite of EE/DSM programs. Administering the Program under the broader umbrella of DEP's EE/DSM programs will provide a more comprehensive approach to encourage the use of energy efficient appliances and devices. In conjunction with this request for the Commission to approve the Program as proposed, DEP also

seeks Commission approval to fully replace and therefore terminate the SEWK tariff—particularly given that the Program contains a comprehensive and cost-effective EE/DSM framework and encourages installation of a wide array of high efficiency equipment that encompasses the eligible equipment under the SEWK tariff.

## **V. PROGRAM DESCRIPTION**

The purpose of the Program is to encourage the installation of new energy efficiency appliances and equipment in new or existing residences. To that end, the Program would make incentives available to builders of new residences or to owners of, or customers occupying, new or existing residences served on a residential rate schedule for certain types of eligible equipment including high efficiency lighting and equipment, high efficiency electric water heating low flow devices, and other high efficiency equipment.

The Program will provide incentive payments to offset all or a portion of the installed cost difference between standard equipment and higher efficiency equipment. Devices such as high efficiency lighting equipment and electric water heating low flow devices will be eligible for up to one hundred percent (100%) of the installed cost. All other eligible appliances and devices will be qualified for an incentive amount of up to fifty percent (50%) of the incremental installed cost.

In order to support the Program's cost-effectiveness, incentives will only be available for ENERGY STAR or other energy efficiency products for which incentives pass the Utility Cost Test ("UCT").<sup>1</sup> The incentives may be offered in a variety of ways including, but not limited to, discount coupons, in-store promotions, or online discounted purchases; however, incentives for energy efficient products considered to be fixtures will only be available to builders or owners of

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<sup>1</sup> The EE/DSM Mechanism deems the UCT the primary cost test and requires proposed EE/DSM measures to exceed a score of 1.0 thereunder.

residences served on the Company's retail distribution system (i.e., renters will not be eligible for incentives for energy efficient products considered to be fixtures). To support the cost-effectiveness of the Program, the incentive may vary by type of equipment and differences in efficiency in order to provide the minimum incentive needed to encourage customers to purchase higher efficiency equipment, and the amount of all such incentive payments will be posted to the Company's website.<sup>2</sup>

Not only does the Program achieve relevant cost-effectiveness requirements under the EE/DSM Mechanism, but it also contains certain similarities to DEP's Commission-approved Residential Smart Saver program. For example, the Residential Smart Saver program offers incentives to encourage installation of high efficiency devices such as heat pumps, variable speed pool pumps and attic insulation and sealing, while the proposed Program incentivizes installation of additional high efficiency devices such as ceiling fans, dehumidifiers, air purifiers, and smart thermostats. The Residential Smart Saver provides an incentive to customers after installation—which requires that the customer be able to pay for eligible devices up front before they can be compensated—while the proposed Program provides an incentive at the point of purchase (for example, through the Company's online store or at local home improvement stores such as Home Depot, Lowe's, or Best Buy) so that the cost of the measure is reduced at the time of the customer's purchase. This feature of the Program will ultimately increase the affordability of high efficiency devices for customers.

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<sup>2</sup> The Company reserves the right to adjust the incentive for specific equipment, on a periodic basis, as equipment efficiency standards and incremental costs change and as customers naturally move to purchase higher efficiency equipment. All such adjustments will be reflected on the Company's website.

Upon approval of the Program, DEP's SEWK program would become redundant because the measures provided through the SEWK program will now be included in the proposed Program. As such, the Company requests termination of the SEWK program upon approval of the proposed Program.

## **VI. COST EFFECTIVENESS**

The Company has modeled the Program's cost effectiveness, and the Utility Cost Test score is 1.22. As required by the EE/DSM Mechanism, the Program exceeds the required 1.0 UCT score, indicating that the benefits to the utility system exceed the costs.

## **VII. COST RECOVERY AND REVIEW**

S.C. Code Ann. § 58-37-20 authorizes the establishment of the EE/DSM Mechanism recently adopted by the Commission through Order No. 2021-33 issued in Docket No. 2015-163-E. DEP is requesting the recovery of applicable Program costs, net lost revenues, and utility incentives and is seeking recovery of these costs through its annual EE/DSM Mechanism.

Section A of the Company's EE/DSM Mechanism, appended to Order No. 2021-33 as part of Order Exhibit No. 1, requires that the Company "perform a qualitative measure screening to ensure Measures are: (a) commercially available and sufficiently mature, (b) applicable to the DEP service area demographics and climate, and (c) feasible for a utility DSM/EE Program." The offerings in the proposed Program are commercially available and sufficiently mature, will be applicable to the Company's service area demographics and climate, and are feasible for an EE/DSM program. Consistent with the EE/DSM Mechanism, the Program was introduced to and discussed with stakeholders in the EE/DSM Collaborative.

The projected savings will be confirmed through an evaluation, measurement, and verification ("EM&V") process conducted by a third party, consistent with the guidelines outlined

in the EE/DSM Mechanism,<sup>3</sup> once adequate participation allows for a statistically valid sample. EM&V studies will use industry-accepted methods to collect and analyze data; measure and analyze Program participation; and evaluate, measure, verify, and validate the energy and peak demand savings. In light of the customer and system benefits of the Program, and its accord with the Commission-approved EE/DSM Mechanism, the Company requests Commission approval of the Program and proposes to recover all costs incurred by the Company that are (i) verified and validated through the EM&V process, and (ii) associated with the Program through the Company's EE/DSM rider, all in accordance with the EE/DSM Mechanism.

WHEREFORE, Duke Energy Progress, LLC respectfully requests that, pursuant to this Application and the provisions of S.C. Code Ann. § 58-37-20, S.C. Code Ann. Regs. 103-823, and Order No. 2021-33, the Commission:

- (1) Consistent with S.C. Code Ann. § 58-27-870(F), approve the Program as proposed herein without the need for pre-filed testimony or a hearing because the proposed Program and associated tariff do not require a determination of the entire rate structure and overall rate of return;
- (2) Grant the Company's request to recover all reasonable and prudent costs incurred associated with the Program pursuant to the EE/DSM Mechanism through the annual EE/DSM rider proceedings;
- (3) Approve the Company's request to terminate the Residential Save Energy and Water Kit Program SEW-2 Tariff; and
- (4) Provide any other relief deemed just and reasonable by the Commission.

Respectfully submitted this 20th day of January, 2022.

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<sup>3</sup> See Order No. 2021-33, Docket No. 2015-163-E (Jan. 15, 2021).

s/J. Ashley Cooper

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Duke Energy Progress, LLC  
(South Carolina Only)

## RESIDENTIAL ENERGY EFFICIENT APPLIANCES AND DEVICES PROGRAM REEAD-2

### PURPOSE

The purpose of this program is to encourage the installation new energy efficiency appliances and equipment in new or existing residences.

### PROGRAM

- Incentives are available to builders of new residences or to owners of, or customers occupying, new or existing residences served on a residential rate schedule from Company's retail distribution system provided; however, that incentives for energy efficient products considered to be fixtures are available only to builders or owners of residences served on the Company's retail distribution system.
- The types of equipment eligible for incentives may include, but are not limited to, the following:
  - High efficiency lighting and equipment
  - High efficiency electric water heating low flow devices
  - Other high efficiency equipment as determined by the Company on a case by case basis.
- Incentives may be offered in a variety of ways including, but not limited to, discount coupons, in-store promotions, or on-line discounted purchases.
- Incentives under this program are only available for ENERGY STAR or other energy efficiency products for which incentives pass the Company's Utility Cost Test (UCT).
- The Company may vary the incentive by type of equipment and differences in efficiency in order to provide the minimum incentive needed to drive customers to purchase higher efficiency equipment.
- The Company reserves the right to adjust the incentive for specific equipment, on a periodic basis, as equipment efficiency standards change and as customers naturally move to purchase higher efficiency equipment.
- The amount of the incentive payment for various standard types of equipment will be posted to the Company's website at [www.duke-energy.com](http://www.duke-energy.com).
- Incentives may be limited to one of any product, per residence, under all Company Energy Efficiency Programs.
- With Company approval, the builder, owner or customer may designate that the incentive be provided to the vendor or other third-party.
- Incentives for certain products will be provided only in conjunction with incentives provided by manufacturers, distributors, or retailers during promotional periods.

### PAYMENT

- The Company's incentives are as follows:
  - High efficiency lighting equipment and electric water heating low flow devices will be an incentive of up to 100% of the installed cost difference between standard equipment and higher efficiency equipment.

Effective for service rendered on and after \_\_\_\_\_, 2022  
SCPSC Docket No. 2022-\_\_\_\_\_, Order No. 2022-\_\_\_\_

Sheet 1 of 2  
RP-13

Duke Energy Progress, LLC  
(South Carolina Only)

- For all other appliances and devices provided under this program the incentive will be an amount up to 50% of the installed cost difference between standard equipment and higher efficiency equipment.

COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the program.

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**

**CLERK'S OFFICE**

**NOTICE OF FILING**

**DOCKET NO. 2022-\_\_\_\_-E**

**Application of Duke Energy Progress, LLC for Approval of Residential Energy Efficient Appliances and Devices Program**

Duke Energy Progress, LLC (the Company) has filed an Application for approval of the Residential Energy Efficient Appliances and Devices Program (Program) to be included as part of its suite of energy efficiency (EE) and demand-side management (DSM) programs effective as soon as practicable following Commission approval. As described in more detail in the filed Application, the purpose of the Program is to encourage the installation of new energy efficiency appliances and equipment in new or existing residences by reducing the up-front cost to customers through incentives that offset a portion of the cost at the point of purchase. To that end, the Program provides eligible residential customers the opportunity to receive an incentive of up to 100% of the installed cost difference between standard equipment and higher efficiency equipment for certain high efficiency devices. The Company proposes that the costs incurred by the Company associated with the Program be recovered through the Company's EE/DSM rider.

The Application was filed pursuant to S.C. Code Ann. § 58-37-20, S.C. Code Ann. Regs. 103-823, the Rules of Practice and Procedure of the Commission, and Order No. 2021-33. A copy of the Company's Application can be found on the Commission's website at [www.psc.sc.gov](http://www.psc.sc.gov) under Docket No. 2022-\_\_\_\_-E. Additionally, a copy of the Application is available from the corporate office of Sam Wellborn, Associate General Counsel, Duke Energy Corporation, 1201 Main Street, Suite 1180, Columbia, South Carolina 29201 and J. Ashley Cooper, Parker Poe Adams & Bernstein, LLP, 200 Meeting Street Suite 301, Charleston, SC 29401. Any person who wishes to participate in this matter as a party of record, should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before \_\_\_\_\_, by filing the Petition to Intervene with the Commission, by providing a copy to the Office of Regulatory Staff and by providing a copy to all parties of record. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. Please refer to Docket No. 2022-\_\_\_\_-E and mail a copy to all other parties in this docket. Any person who seeks to intervene and who wishes to testify and present evidence at the hearing, if scheduled, should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; and the Company at the above addresses, on or before \_\_\_\_\_. Please refer to Docket No. 2022-\_\_\_\_-E.

A public hearing, if scheduled, will be held virtually or in Columbia, South Carolina in the offices of the Commission located at 101 Executive Center Drive, Suite 100, Columbia, South Carolina 29210, for the purpose of receiving testimony and other evidence from all interested parties regarding this Application. The time and date of this hearing would be furnished to all interested parties at a later date.

**PLEASE NOTE THAT INTERVENOR COMMENTS REGARDING DUKE ENERGY PROGRESS, LLC'S FILING ARE DUE ON OR BEFORE \_\_\_\_\_, 2022. INTERESTED PERSONS MAY REQUEST IN WRITING PERMISSION FROM THE PUBLIC SERVICE COMMISSION TO FILE COMMENTS AFTER \_\_\_\_\_, 2022. COMMENTS MUST BE FILED WITH THE COMMISSION AT THE ADDRESS LISTED BELOW, AND A COPY OF THE COMMENTS MUST BE SERVED ON ALL OF THE PARTIES OF RECORD IN DOCKET NO. 2022-\_\_\_\_-E.**

**If the Application or Petition in this case contains a request for adjustment of rates, the rates are subject to potential modification by the Commission during the course of this case.**

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to [www.psc.sc.gov](http://www.psc.sc.gov) and Docket No. 2022-\_\_\_\_-E. Persons seeking information about the Commission's procedures should contact the Commission at (803) 896-5100 or visit its website at [www.psc.sc.gov](http://www.psc.sc.gov).